

## Medicare Rx Update: September 14, 2006

### Applying Lessons Learned to Preparations for 2007...

In preparation for the transition to the 2007 Medicare Prescription Drug benefit plan year, CMS has identified several Plan requirements that are critical to making sure that beneficiaries continue to receive effective drug coverage. CMS expects Part D Plans to provide accurate and timely beneficiary enrollment and subsidy information, effectively address increased call volumes from beneficiaries and pharmacies, and more, to ensure the effective transition to plan year 2007. CMS sent the attached Part D Sponsor Readiness Checklist (*MemoCY07Readiness 09.08.06.pdf*) to ensure that Plans are aware of our performance expectations. Pharmacy partners should review the check-list to be aware of Plan obligations and deadlines.

### And Improving E1 Systems to Help Pharmacists at the Counter...

The E1 system, developed for the beginning of the Part D program, has already saved pharmacists nearly 20 million phone calls since January 1. After incorporating helpful feedback from pharmacists, CMS is rolling out an enhanced "2007 E1 Version 2" in December. Additional functionality in the 2007 E1 Version 2 includes:

- Several new data elements in the E1 Response to assist pharmacies with processing beneficiary prescriptions; including contract Id, PBP number, effective date of Part D coverage, termination date of Part D coverage, relationship (person) code, LIS co-pay level flag (Y/N), beneficiary first name, beneficiary last name, and birth date.
- The ability for pharmacies to enter a date on the E1 request that could locate plan enrollment information based on the date in the request (past, present and future).
- Additional messaging on an E1 response to provide more explicit information. These new messages include:
  - More than one patient found.
  - Cardholder ID matches but last name does not match.
  - Patient Not Found.
  - Patient found but coverage is not active for date of service.

More information on 2007 E1 Version 2 will be available soon. Watch these e-mails for details.

### Open for Comment...Chapter 6 of the Medicare Part D Manual

Today we are releasing for comment the draft of Chapter 6 of the Medicare Part D Manual: [http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/PartDManual\\_Chapter6.pdf](http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/PartDManual_Chapter6.pdf). The revised draft contains information specific to the definition of a Part D Drug, Part D Exclusions, Formulary Requirements and Transition. Comments on the draft of Chapter 6 must be received by CMS no later than 5:00 p.m. EST, Tuesday, September 26, 2006. Comments must be submitted via e-mail at [PartDBenefitImpl@cms.hhs.gov](mailto:PartDBenefitImpl@cms.hhs.gov). Please include "Chapter 6" in the subject line of the email.

### Medicare Premiums Lower than Expected...

CMS has announced that the standard Medicare Part B monthly premium will be \$93.50 in 2007, an increase of \$5.00 or 5.6 percent from the current \$88.50 Part B premium, considerably lower than was earlier projected.

<http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1958>

This premium is the smallest percent increase in the Part B premium since 2001 and less than half of the dollar increase in the premium for 2006.

Together with an increase of 0.1 percent in the average Part D enrollee premium – and less if beneficiaries choose lower-cost drug plan options, as they did for 2006 – Medicare beneficiaries are experiencing cost increases that are modest in comparison to recent health care cost trends. This is also less than the projected 6 percent increase in per capita national health spending for 2007 and the projected 7 percent increase for 2007 retail prescription drug spending.

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## **CENTER FOR BENEFICIARY CHOICES**

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### **MEMORANDUM**

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, PhD, Director, Medicare Drug Benefit Group

RE: 2007 Part D Sponsor Readiness Checklist

DATE: September 8, 2006

With the 2007 Annual Enrollment Period (AEP) fast approaching, CMS would like to remind plans of the critical lessons learned in the months following the launch of the Medicare Prescription Drug Benefit (Part D). Because of the reassignment of auto-enrollees and the compressed marketing period, we want to ensure that Part D sponsors are ready for 2007.

We have identified several requirements that are absolutely critical to making sure that a plan's enrollees receive effective drug coverage. CMS has summarized these requirements in a checklist format in Attachment A. Plans should review this checklist carefully and take all necessary measures to ensure that these requirements are met. As a 2007 Part D sponsor, you are expected to meet these key requirements.

CMS is very pleased to be working with the industry to provide prescription drug coverage to Medicare beneficiaries. We appreciate your cooperative spirit and remain committed to working with Part D sponsors to ensure that beneficiaries have continued access to Part D drugs during the upcoming year.

Note that these requirements are already included in CMS guidance, contracts, applications and other advisory materials. If you need additional detail regarding requirements listed in Attachment A, please refer to the appropriate CMS guidance or you can contact your account manager.

## Attachment A: 2007 Readiness Checklist

### **Customer Service:**

- ☐ Ensure that call centers are staffed appropriately to handle increased call volume during open enrollment period and the first few months of 2007 operations. Part D sponsors must meet CMS standards for timely call center performance (80% of all incoming call answered within 30 seconds; abandonment rate does not exceed 5%).
  - Beneficiary call center requirement during the Annual Enrollment Period plus 60 days: 8:00AM to 8:00PM - 7 days a week
  - Pharmacy technical support requirement: Open if any network pharmacy is open.
- ☐ Maintain timely resolution of beneficiary complaints. “Immediate Action” complaints must be resolved within 48 hours. The June 29, 2006, CMS letter to sponsors directing them to reduce the number of “Immediate Action” complaints stated that those sponsors that did not meet the September 10, 2006, benchmark would be subject to a targeted audit of their Part D program operations. Should the audit findings demonstrate significant levels of non-compliance with the operational area under review, CMS will, depending on the significance of the non-compliance, request a corrective plan, impose intermediate sanctions (e.g., suspend sponsor’s marketing and enrollment activities), or pursue civil monetary penalties.

### **Data:**

- ☐ Establish connectivity with CMS systems (for new sponsors). New sponsor’s completed application for connectivity must be received by CMS prior to the execution of their Part D contract.
- ☐ Part D sponsors must be able to provide CMS with daily reports on the availability of 4 Rx data for all their enrollees. These reports should verify that:
  - For existing enrollments, the plan must demonstrate the ability to have 4Rx data in place for a minimum of 95% of its current enrollees (measured on the 3<sup>rd</sup> of each month). Note: most plans are exceeding the 95% minimum; the current average is 98%.
  - For prospective auto-enrollments, a plan must demonstrate the ability to have 4 Rx data in place for 95% of its prospective dual eligible enrollees by 3 days before the end of the month preceding the effective date of enrollment.
- ☐ Part D sponsors must demonstrate the ability to process bi-weekly LIS matching files received from CMS within 72 hours of receipt. Plans must achieve a 95% match rate between their files and those of CMS. Non-matches must be resolved within 72 hours.
- ☐ Submit timely and accurate CY07 pricing data for posting on the Drug Plan Finder. The initial CY07 data submission for live/public data is October 4, 2006 – the data will be published on October 12, 2006.

## **Attachment A: 2007 Readiness Checklist**

### **Enrollment/Disenrollment:**

- ☐ Transmit enrollment and disenrollment transactions to CMS within 14 calendar days of receipt.
- ☐ For enrollments, send individuals an acknowledgment notice within 7 calendar days of receiving an enrollment request from an individual and a confirmation notice within 7 calendar days of receiving confirmation of enrollment from CMS.
- ☐ For disenrollments, send individuals an acknowledgment notice within 7 calendar days if receive disenrollment request directly from the individual; if plan only learns of disenrollment from CMS confirmation (e.g. as a result of enrollment in another plan), plan must sent notice confirming disenrollment within 7 calendar days.
- ☐ At minimum, have a paper enrollment form available for potential enrollees to request enrollment during valid periods. If allowing enrollment requests through other optional mechanisms such as telephone or internet, must meet additional requirements per CMS guidance (e.g. must provide evidence of internet receipt, must record and maintain telephone enrollments).
- ☐ Process all enrollment and disenrollment transactions which results in either a plan denial or CMS rejection in accordance with CMS requirements (e.g. providing beneficiary notices within specific timeframes).
- ☐ Review CMS transaction reports and take appropriate actions as required in CMS guidance.
- ☐ Have established process to request enrollment and disenrollment corrections in accordance with CMS requirements.

### **Marketing:**

- ☐ Market CY 2007 benefits to Medicare beneficiaries using CMS-approved and CMS-File & Use accepted marketing materials.
- ☐ CY 2007 marketing can begin on October 1, 2006. All PDP Sponsors must cease marketing CY 2006 plans when they begin marketing CY 2007 plans. CY 2006 plan marketing must cease by October 31, 2006.
- ☐ CY 2007 Annual Notice of Change (ANOC) / Summary of Benefits (SB) / Formulary must be received by members by October 31, 2006.
- ☐ CY 2007 Evidence of Coverage (EOCs) must be received by members by January 31, 2007.

## **Attachment A: 2007 Readiness Checklist**

### **Transition / Point of Sale (POS) Support:**

- ☐ Ensure that sponsor staff is trained on and information systems are in place to accommodate administration of the transition policy. This includes adoption of necessary information system overrides.
- ☐ Part D sponsors must agree to extend transition periods beyond 30 days for enrollees using non-formulary drugs that have not been transitioned to a formulary drug or gone through the plan exception process within 30 days. Extended transition periods must also be applied to formulary drugs with utilization management (UM) requirements. Plan information systems must feature the necessary overrides to accommodate extended transition periods.
- ☐ Establish and operate a system during the first couple months of 2007 that can assure that claims can be filled at POS for all enrollees, including a 24/7 pharmacy technical support hotline, 24/7 access to senior management authorized to make coverage determinations, and appropriate system overrides.

### **Sponsor Contact Information:**

- ☐ Update all sponsor contact information in HPMS to reflect any changes for the 2007 contract year. Changes to any HPMS contacts should be made immediately upon the effective date of the responsibility transfer.

### **Other:**

- ☐ Ensure timely payment to pharmacies, as per the sponsor's contracting terms with pharmacies.
- ☐ Follow all requirements as laid out in CMS' application, contract, guidance, and other advisory materials.